

Quarterly Accounts (Un-audited)
for the 3rd Quarter ended
31 March 2014



Rupali
Rupali
Polyester
Limited

Corporate Data

Board of Directors

Chairman

Jafferali M. Feerasta - Non-Executive

Chief Executive Officer

Nooruddin Feerasta - Executive

Directors

Muhammad Rashid Zahir - Non-Executive

Muhammad Ali H. Sayani - Non-Executive

Sultan Ali Rajwany - Non-Executive

Amin A. Feerasta - Non-Executive

Abdul Hayee - Executive

Committees of Board of Directors

Audit Committee

Sultan Ali Rajwany - Chairman

Muhammad Rashid Zahir - Member

Amin A. Feerasta - Member

Human Resource & Remuneration Committee

Jafferali M. Feerasta - Chairman

Nooruddin Feerasta - Member

Amin A. Feerasta - Member

Chief Financial Officer

Ayub Saqib

Company Secretary

S. Ghulam Shabbir Gilani

Bankers

Bank Alfalah Limited

Bank Al-Habib Limited

Faysal Bank Limited

Habib Bank Ltd

MCB Bank Limited

NIB Bank Limited

Soneri Bank Limited

Auditors

Qavi & Co.

Chartered Accountants

Registered Office

Rupali House, 241-242 Upper Mall Scheme,

Anand Road, Lahore - 54000 PAKISTAN

Plant

30.2 Kilometer Lahore - Sheikhpura Road

Sheikhpura - 39350 PAKISTAN

Directors' Review

On behalf of the Board of Directors, I am pleased to present before you the Company's un-audited financial statements for the third quarter and nine months period ended 31 March 2014.

Financial Results

The Company's profit margins continued to be under stress in the third quarter ended 31 March 2014 and affected the results of the nine months period ended 31 March 2014. Deep-rooted problems confronting the local industry including energy shortages and law and order threats plagued the operating environment. Selling prices of Polyester Staple Fiber and Polyester Filament Yarn remained depressed during this period. As a result, downstream market conditions in the entire textile chain remained subdued owing to lackluster demand compounded by instability in raw material prices.

Energy shortfall has weakened the prospects of the country's growth. This situation needs to be contained with long term solutions. The Company endured severe load shedding and shut down of gas and power. Despite our strong focus on cost efficiency, primarily the energy cost control measures, top line margin witnessed little improvement because of other dominating factors as explained above. Market slowdown compelled the Company to resort to underutilization of the capacities which increased our fixed costs.

Sales revenue for the nine months period ended 31 March 2014 slightly increased to Rs.4,760 million from Rs.4,725 million in the same period of 2013, while sales for the quarter Jan-March 2014 declined to Rs.1,298 million from Rs.1,564 million in the same quarter of the previous year. Loss before tax for nine months ended 31 March 2014 rose to Rs.215 million against loss of Rs.162 million in the previous year and after-tax loss increased to Rs.250 million from Rs. 219 million. Third quarter results also showed a depressed situation with slight recovery. Before-tax loss for Q3 was Rs.68 million compared to Rs.88 million and after-tax loss was Rs.81 million compared to Rs.83 million in the same quarter of the last year.

Administrative and general expenses were kept under strict control and remained comparable with corresponding periods of 2013. Finance costs in the quarter Jan-March 2014 increased to Rs.35 million from Rs.18 million in the same quarter of the previous year because of working capital requirement.

Future Outlook

The Government's long-term economic measures are expected to ease the pathetic economic situation. Appreciation in Pak Rupee rate would assuage price pressure in the country and reduce the outstanding level of debt in rupee term.

Heavy influx of Polyester Staple Fiber and Polyester Filament Yarn from China coupled with energy crises are hampering local industry's growth. It has become inevitable to cap the dumping of Chinese Polyester Fiber and Polyester Yarn. National Tariff Commission should impose Anti-Dumping Duty on these exports by China into Pakistan for providing a level playing field to all polyester segments.

Unplanned load shedding is causing colossal loss to the industrial units. Several spinning and weaving mills have closed down in the last one month in Punjab, while other spinners have curtailed one shift, as the cost of doing business in the Province has increased sharply and international sales remained subdued posing severe threats to survival of their feedstock providing units.

The Management is striving for refurbishing and upgradation of its polymerization facilities which will improve/enhance its operational efficiency and result in the saving in energy cost.

We are thankful to our valued customers and stakeholders and commercial banks and DFIs for their confidence in the Company. We also appreciate continued hard work by the Management and Staff of the Company.

On behalf of the Board

Jafferli M. Feerasta
Chairman

Lahore
22 April 2014

Condensed Interim Balance Sheet (Un-audited)

as at 31 March 2014

31 March 2014 30 June 2013
Un-audited Audited
Rupees in thousand

ASSETS

NON-CURRENT ASSETS

Property, plant and equipment	1,568,235	1,578,010
Long term deposits	4,361	4,281
	1,572,596	1,582,291

CURRENT ASSETS

Stores, spares and loose tools	839,114	792,495
Stock-in-trade	1,410,317	862,427
Trade debts	13,389	8,162
Loans and advances	27,659	30,410
Trade deposits and short term prepayments	5,899	3,105
Other receivables	375,155	255,328
Taxation - net	98,726	124,325
Cash and bank balances	11,557	12,157
	2,781,816	2,088,409
	4,354,412	3,670,700

EQUITY AND LIABILITIES

SHARE CAPITAL AND RESERVES

Authorised share capital: 35,000,000 (30 June 2013: 35,000,000) ordinary shares of Rs. 10 each	350,000	350,000
Issued, subscribed and paid-up capital: 34,068,514 (30 June 2013: 34,068,514) ordinary shares of Rs. 10 each	340,685	340,685
Capital reserve	71,490	71,490
General reserve	1,664,125	1,664,125
Accumulated loss	(460,120)	(210,227)
	1,616,180	1,866,073

NON-CURRENT LIABILITIES

Staff retirement benefits - gratuity	84,199	80,175
Deferred taxation	318,775	330,991
	402,974	411,166

CURRENT LIABILITIES

Trade and other payables	931,452	446,153
Short term borrowings	1,377,379	933,967
Accrued mark-up	26,427	13,341
	2,335,258	1,393,461

CONTINGENCIES AND COMMITMENTS

	-	-
	4,354,412	3,670,700

The annexed notes 1 to 8 form an integral part of this condensed interim financial information.

Jafferli M. Feerasta
Chairman

Nooruddin Feerasta
Chief Executive Officer

Condensed Interim Profit and Loss Account (Un-audited)

for the nine months ended 31 March 2014

	Quarter Ended		Nine Months Ended	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	Rupees in thousand			
Sales	1,297,599	1,564,211	4,759,939	4,725,456
Cost of Goods Sold	(1,306,242)	(1,611,304)	(4,821,801)	(4,807,704)
Gross Loss	(8,643)	(47,093)	(61,862)	(82,248)
Selling and Distribution Expenses	(2,473)	(4,465)	(7,982)	(12,200)
Administrative and General Expenses	(31,477)	(30,086)	(96,746)	(88,258)
Other Operating Charges	-	(88)	-	(298)
Other Operating Income	8,975	11,410	30,938	82,216
Operating Loss	(33,618)	(70,322)	(135,652)	(100,788)
Finance Costs	(34,787)	(17,663)	(78,858)	(61,197)
Loss before Taxation	(68,405)	(87,985)	(214,510)	(161,985)
Taxation	(12,976)	4,532	(35,383)	(57,391)
Loss after Taxation	(81,381)	(83,453)	(249,893)	(219,376)
	----- Rupees -----			
Earnings Per Share - Basic and Diluted	(2.39)	(2.45)	(7.34)	(6.44)

The annexed notes 1 to 8 form an integral part of this condensed interim financial information.

Jafferali M. Feerasta
Chairman

Nooruddin Feerasta
Chief Executive Officer

Condensed Interim Statement of Comprehensive Income (Un-audited)

for the nine months ended 31 March 2014

	Quarter Ended		Nine Months Ended	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	Rupees in thousand			
Loss after Taxation	(81,381)	(83,453)	(249,893)	(219,376)
Other Comprehensive Income	-	-	-	-
Total Comprehensive Loss	(81,381)	(83,453)	(249,893)	(219,376)

The annexed notes 1 to 8 form an integral part of this condensed interim financial information.

Jafferali M. Feerasta
Chairman

Nooruddin Feerasta
Chief Executive Officer

Condensed Interim Cash Flow Statement (Un-audited)

for the nine months ended 31 March 2014

	31 March 2014	31 March 2013
	Rupees in thousand	
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(214,510)	(161,985)
Adjustments for non-cash and other items		
Depreciation	107,280	102,168
Amortization of prepayments	2,840	2,603
Staff retirement benefits	10,534	14,653
Profit on disposal of property, plant and equipment	(727)	(12)
Mark-up / Interest income	(2,196)	(2,005)
Finance costs	78,858	61,197
	<u>196,589</u>	<u>178,604</u>
Effect on cash flow due to working capital changes:		
(Increase) / Decrease in current assets:		
Stores, spares and loose tools	(46,618)	70,186
Stock-in-trade	(547,890)	153,011
Trade debts	(5,227)	29,539
Loans and advances	2,751	8,512
Trade deposits and short term prepayments	(5,634)	(6,922)
Other receivables	(119,827)	(38,335)
	<u>(722,445)</u>	<u>215,991</u>
Decrease In current liabilities		
Trade and other payables	485,299	33,628
	<u>485,299</u>	<u>33,628</u>
Cash used in operations	<u>(255,067)</u>	<u>266,238</u>
Finance costs paid	(65,773)	(61,179)
Income tax paid	(22,001)	(25,977)
Mark-up / interest income received	2,196	2,005
Staff retirement benefits paid	(6,513)	(8,144)
	<u>(87,191)</u>	<u>(93,295)</u>
Net Cash (outflow) / inflow from operating activities	<u>(347,158)</u>	<u>172,943</u>

Condensed Interim Cash Flow Statement (Un-audited)

for the nine months ended 31 March 2014

	31 March 2014	31 March 2013
Rupees in thousand		
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure	(97,544)	(241,189)
Long term deposits and prepayments	(80)	-
Proceeds from disposal of operating assets	770	125
Net cash outflow from investing activities	(96,854)	(241,064)
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	-	(34,046)
Net cash outflow from financing activities	-	(34,046)
Net decrease in cash and cash equivalents	(444,012)	(102,167)
Cash and cash equivalents at the beginning of the period	(921,810)	(564,484)
Cash and cash equivalents at the end of the period	(1,365,822)	(666,651)

The annexed notes 1 to 8 form an integral part of this condensed interim financial information.

Jafferali M. Feerasta
Chairman

Nooruddin Feerasta
Chief Executive Officer

Condensed Interim Statement of Changes in Equity (Un-audited)

for the nine months ended 31 March 2014

Rupees in thousand

	Issued Subscribed and Paid - up Capital	Capital Reserve	Revenue Reserves		Total Reserves	Total Equity
		Share Premium	General Reserve	Un- appropriated Profit/(Accum ulated Loss)		
Balance as on 01 July 2012	340,685	71,490	1,664,125	254,064	1,989,679	2,330,364
Final dividend for the year ended 30 June 2012 @ 10%	-	-	-	(34,068)	(34,068)	(34,068)
Loss for the nine months ended 31 March 2013	-	-	-	(219,376)	(219,376)	(219,376)
Other comprehensive income for the nine months ended 31 March 2013	-	-	-	-	-	-
Balance as on 31 March 2013	340,685	71,490	1,664,125	620	1,736,235	2,076,920
Balance as on 01 April 2013	340,685	71,490	1,664,125	620	1,736,235	2,076,920
Loss for last quarter ended 30 June 2013	-	-	-	(210,847)	(210,847)	(210,847)
Other comprehensive income for the last quarter ended 30 June 2013	-	-	-	-	-	-
Balance as on 30 June 2013	340,685	71,490	1,664,125	(210,227)	1,525,388	1,866,073
Balance as on 01 July 2013	340,685	71,490	1,664,125	(210,227)	1,525,388	1,866,073
Final dividend for the year ended 30 June 2013	-	-	-	-	-	-
Loss for the nine months ended 31 March 2014	-	-	-	(249,893)	(249,893)	(249,893)
Other comprehensive income for the nine months ended 31 March 2014	-	-	-	-	-	-
Balance as on 31 March 2014	340,685	71,490	1,664,125	(460,120)	1,275,495	1,616,180

The annexed notes 1 to 8 form an integral part of this condensed interim financial information.

Jafferali M. Feerasta
Chairman

Nooruddin Feerasta
Chief Executive Officer

Notes to the Condensed Interim Financial Information (Un-audited)

for the nine months ended 31 March 2014

1. LEGAL STATUS AND NATURE OF BUSINESS

RUPALI POLYESTER LIMITED ("the Company") was incorporated in Pakistan on 24 May 1980 under the Companies Act 1913 (now the Companies Ordinance, 1984) as a Public Limited Company and is quoted on the Karachi, Lahore and Islamabad Stock Exchanges. The registered office of the Company is situated at 241-242 Upper Mall Scheme, Anand Road, Lahore. It is principally engaged in the manufacture and sale of polyester products.

2. BASIS OF PREPARATION

This condensed interim financial information is un-audited and has been prepared in accordance with the requirements of International Accounting Standard (IAS) 34 - 'Interim Financial Reporting' and provisions of any directives issued under the Companies Ordinance, 1984. In case where the requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. This condensed interim financial information does not include all the information required for full annual financial statements and, therefore, should be read in conjunction with audited annual financial statements of the Company for the year ended 30 June 2013.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of audited annual financial statements of the Company for the year ended 30 June 2013.

The provision for taxation for the nine months ended 31 March 2014 has been made using the tax rate that would be applicable to expected total annual earnings.

4. ACCOUNTING ESTIMATES, JUDGMENTS AND FINANCIAL RISK MANAGEMENT

In preparing this condensed interim financial information, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the audited annual financial statements as at and for the year ended 30 June 2013, with the exception of changes in estimates that are required in determining the provision for income taxes.

The Company's financial risk management objectives and policies are consistent with those disclosed in the audited annual financial statements as at and for the year ended 30 June 2013.

5. CONTINGENCIES AND COMMITMENTS

5.1 Contingencies

5.1.1 Guarantees issued to different organizations in the normal course of business amounted to Rs. 66.314 million (30 June 2013: Rs. 66.314 million).

5.1.2 Outstanding guarantees given on behalf of related parties amounted to Rs. Nil (30 June 2013: Rs. Nil).

5.2 Commitments

5.2.1 Contracts for Capital expenditure commitments outstanding as at 31 March 2014 amounted to Rs.240.960 million (30 June 2013: Rs. 210.821 million).

5.2.2 Commitments against irrevocable letters of credit as at 31 March 2014 amounted to Rs.882.045 million (30 June 2013: Rs. 364.982 million).

6. TRANSACTIONS WITH RELATED PARTIES

The related parties include Associated Undertakings, Other Related Group Companies, Directors of the Company, Key Management Personnel and Defined Contribution Plan (Provident Fund). There are no transactions with key management personnel other than under their terms of employment.

7. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue on 22 April 2014 by the Board of Directors of the Company.

8. GENERAL

Figures have been rounded off to the nearest thousand rupees unless stated otherwise.

Jafferali M. Feerasta
Chairman

Nooruddin Feerasta
Chief Executive Officer



Rupali Polyester Limited
www.rupaligroup.com

Registered Proprietor:
RUPALI POLYESTER LIMITED
Dhaka, Bangladesh